

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3957-01
Bill No.: HB 1502
Subject: Cities, Towns, and Villages; Entertainment, Sports, and Amusements; Taxation and Revenue - Sales and Use
Type: Original
Date: February 15, 2010

Bill Summary: This proposal allows real property owners in the counties of Caldwell, Clinton, Daviess, and DeKalb to petition for the creation of an exhibition center and recreational facility district.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** state the department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,441.

The value of the level of effort is calculated by taking 1 FTE for a total of one month, for modifications to the department's sales tax system (MITS).

In response to a similar proposal from 2009 (SB 386), officials from **Clinton County** assumed they may incur costs of elections.

In response to a similar proposal from 2009 (HB 556), officials from **DeKalb County** stated the proposal could create costs in 2010 for the county-wide sales tax election and the two publications totaling \$11,060.

Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. If the governing body of the county approves the creation of an Exhibition Center and Recreation Facility District and the voters within the district approve a sales tax to operate the district, the Department of Revenue would collect the sales tax and would withhold a 1% collection fee. The collection fee would be deposited in the State's General Revenue Fund.

If the counties attempt to establish a district, they would realize the cost of an election, which is required to establish a district, and the district would realize income generated by the sales tax, and would have costs related to the operation and maintenance of the district. All amounts of income and costs are indeterminable and based upon the desire and action taken to set up such a district.

Officials from Daviess and Caldwell Counties did not respond to our request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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**EXHIBITION CENTER AND
 RECREATION FACILITY
 DISTRICT FUND**

<u>Income</u> to Exhibition Center and Recreation Facility District from voter approved sales tax	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Cost</u> to Exhibition Center and Recreation Facility District from operation and maintenance of the district, election cost, etc.	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
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ESTIMATED NET EFFECT TO EXHIBITION AND RECREATION FACILITY DISTRICT FUND*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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***Oversight assumes costs would not exceed income resulting in either an annual positive fund balance or a zero fund balance.**

FISCAL IMPACT - Small Business

Small businesses within any newly created district may have to collect and remit additional sales taxes to the Department of Revenue.

FISCAL DESCRIPTION

This bill allows real property owners in the counties of Caldwell, Clinton, Daviess, and DeKalb to petition the governing body of the county for the creation of an exhibition center and recreational facility district.

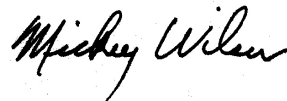
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
DeKalb County
Clinton County

NOT RESPONDING:

Daviess County
Caldwell County



Mickey Wilson, CPA
Director
February 15, 2010